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RESERVATIONS, RESTRICTIONS AND COVENANTS

APPLICABLE TO

MOUNTAIN CREST SUBDIVISION

HAYS COUNTY, TEXAS

(Effective as of January 1, 1995 as to Unit One and Unit Two and January 1, 1996 as to Unit Three)

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STATE OF TEXAS §
COUNTY OF HAYS §

DOC# 395399
NOW ACCEPTED BY THESE PRESENTS:

*units
I, II, & III*

I, Robert R. Randolph, of Houston, Harris County, Texas, as the owner of sixty-one (61) lots in Mountain Crest Subdivision, Unit One, as recorded in Volume 4, pages 115-116, of the Plat Records of Hays County, Texas ("Unit One"), six (6) lots in Mountain Crest Subdivision, Unit Two, as recorded in Volume 6, page 313, of the Plat Records of Hays County, Texas ("Unit Two"), and five (5) lots in Mountain Crest Subdivision, Unit Three, as recorded in Volume 7, page 105, of the Plat Records of Hays County, Texas ("Unit Three"), do hereby: (1) adopt amendments to the previously restated reservations, restrictions and covenants applicable to the Mountain Crest Subdivision, Units One and Two, which were effective as of January 1, 1995, and recorded in Volume 1162, pages 801-819, of the Official Public Records of Hays County, Texas (the "1995 Restrictions"); and (2) adopt, reservations, restrictions and covenants applicable to Mountain Crest Subdivision, Unit Three. This restatement (the "Modified Restrictions") of the Reservations, Restrictions and Covenants Applicable to Mountain Crest Subdivision of Hays County, Texas (which includes the new amendments and is applicable to Units One, Two, and Three) is attached hereto as Appendix A, and is effective as of the date set forth in the Modified Restrictions.

Mountain Crest, Inc., a Texas Corporation with its principal place of business in Wimberley, Hays County, Texas (hereinafter called the "Developer"), platted that tract of land known as Unit One into a subdivision known as Mountain Crest Subdivision. A plat ("Unit One Plat") of Unit One was recorded in the office of the County Clerk of Hays County, Texas, on March 25, 1986, in Volume 4, pages 115-116, of the Plat Records of Hays County, Texas. To create and carry out a uniform plan and scheme for the improvement, development, and sale of property in Unit One, the Developer adopted, established, promulgated and impressed the reservations on Unit One which are recorded in Volume 605, pages 419-436, Real Property Records of Hays County, Texas (the "Original Reservations"). The Original Reservations were amended on March 25, 1988 and October 6, 1989 by documents recorded in Volume 724, pages 711-712, and Volume 802, pages 715-716, Real Property Records of Hays County, Texas, respectively.

The 1995 Restrictions which were effective as of January 1, 1995, rescinded and set aside the amendments to the Original Reservations, adopted on March 25, 1988 and October 6, 1989, and recorded in Volume 724, pages 711-712 and Volume 802, pages 715-716, respectively, and they were no longer applicable to Unit One. The 1995 Restrictions also deleted Paragraphs 1 and 2 of Article V of the Original Reservations, as recorded in Volume 605, pages 419-436, and the provisions of Paragraphs 1 and 2 of Article V were no longer applicable to Unit One. The 1995 Restrictions made amendments to the Original Reservations in accordance with the provisions of the Original Reservations by the owner of sixty-seven (67) lots within Unit One, and they were adopted, established, promulgated and impressed on Unit One and made applicable to Unit One and Unit Two effective January 1, 1995.

The 1995 Restrictions and the Original Reservations are amended and restated as set forth in the Modified Restrictions attached as Appendix A and are hereby adopted, established, promulgated and impressed on Unit One and Unit Two and are hereby made applicable to Unit One, Unit Two, and Unit Three as set forth in the Modified Restrictions.

OFFICIAL PUBLIC RECORDS
Hays County, Texas

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Except as provided above and to the extent of conflict or inconsistency with the provisions of the Modified Restrictions as set forth in Appendix A, the Original Reservations and the 1995 Restrictions shall continue to be applicable to Unit One and Unit Two.

If any section, paragraph, clause or provision of this document or the Modified Restrictions attached hereto as Appendix A shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this document or the Modified Restrictions.

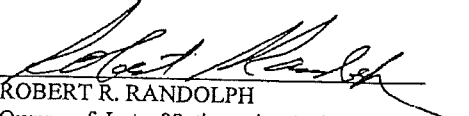
EXECUTED this the 23rd day of February, 1996.



ROBERT R. RANDOLPH
Owner of Lots 4, 6, 9, 10, 12 through 15, 17 through 33, 35 through 39, 41, 42, 46, 47, 50 through 56, 58, 59, 61 through 66, 68 through 76, and 78 through 80, in Mountain Crest Subdivision, Unit 1



ROBERT R. RANDOLPH
Owner of Lots 82 through 87, in Mountain Crest Subdivision, Unit 2



ROBERT R. RANDOLPH
Owner of Lots 88 through 92, in Mountain Crest Subdivision, Unit 3

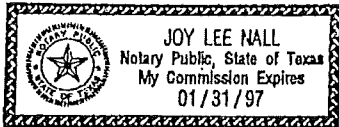
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STATE OF TEXAS §

COUNTY OF HARRIS §

BEFORE ME, the undersigned, a Notary Public, on this day personally appeared Robert R. Randolph, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 23rd day of February, 1996.



Joy Lee Nall
Notary Public in and for
The State of Texas

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APPLICABLE TO

MOUNTAIN CREST SUBDIVISION

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APPENDIX A

RESERVATIONS, RESTRICTIONS AND COVENANTS

APPLICABLE TO

MOUNTAIN CREST SUBDIVISION

(Effective as of January 1, 1995 as to Unit One and Unit Two
and January 1, 1996 as to Unit Three)

To carry out a uniform plan and scheme for the improvement and development of property within the Mountain Crest Subdivision, Unit One, as described and platted in Volume 4, pages 115-116, of the Plat Records of Hays County, Texas ("Unit One"), Mountain Crest Subdivision, Unit Two, as described and platted in Volume 6, page 313, of the Plat Records of Hays County, Texas ("Unit Two"), and Mountain Crest Subdivision, Unit Three, as described and platted in Volume 7, page 105, of the Plat Records of Hays County, Texas ("Unit Three"), the following reservations are hereby adopted, established, promulgated and impressed upon and made applicable to Unit One, Unit Two, and Unit Three.

I.
GENERAL PROVISION

Section 1.01. Definitions.

"Association" shall mean the Mountain Crest Community Association.

"Committee" shall mean the Mountain Crest Subdivision Architectural Committee.

"Developer" shall mean Mountain Crest, Inc., a Texas corporation.

"Lot" or "Lots" shall mean lots one (1) through eighty (80) of Unit One, lots eighty-one (81) through eighty-seven (87) of Unit Two, and lots eighty-eight (88) through ninety-two (92) of Unit Three, as shown on the Plats.

"Maintenance Charge" shall mean the maintenance charge of \$10 per month per lot established in Article V.

"Modified Restrictions" shall mean these amended reservations, restrictions and covenants.

"Original Reservations" shall mean the reservations, restrictions and covenants adopted on March 20, 1986, and recorded in Volume 605, pages 419-436, Real Property Records of Hays County, Texas, applicable to Unit One.

"Plats" shall mean the maps or plats of Unit One recorded in Volume 4, pages 115-116, Plat Records of Hays County, Texas, the maps or plats of Unit Two recorded in Volume 6, page 313, Plat

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Records of Hays County, Texas, and the maps or plats of Unit Three recorded in Volume 7, page 105, Plat Records of Hays County, Texas..

"Purchaser" shall mean Robert R. Randolph who purchased Lots 1 through 44, inclusive; Lots 46 and 47; Lots 50 through 56; Lots 58 through 80, inclusive, from the FDIC on September 16, 1991, by deed recorded in Volume 894, pages 632-641, Official Public Records of Hays County, Texas, and the who platted and owns Lots 82 through 87 in Unit Two, and Lots 88 through 92 in Unit Three, or any successor person or entity who, at the time of execution of these Modified Restrictions, has acquired forty (40) or more lots from Purchaser, or who has acquired the foregoing lots by intestate succession from Robert R. Randolph,

"Subdivision" shall mean Mountain Crest Subdivision, Units One, Two, and Three, as shown on the Plats.

"Unit One" shall mean the Mountain Crest Subdivision, Unit One, as shown on the map or plat recorded in Volume 4, pages 115-116, Plat Records of Hays County, Texas.

"Unit Two" shall mean the Mountain Crest Subdivision, Unit Two, as shown on the map or plat recorded in Volume 6, page 313, of the Plat Records of Hays County, Texas.

"Unit Three" shall mean the Mountain Crest Subdivision, Unit Three, as shown on the map or plat recorded in Volume 7, page 105, of the Plat Records of Hays County, Texas.

"Water Availability Fee" shall mean the water availability fee of \$5 per month per lot established in Article V for the availability of the water system.

Section 1.02. Applicability.

Each contract, deed or deed of trust which may be hereafter executed with respect to any property in the Subdivision shall be deemed and held to have been executed, delivered and accepted subject to all of the provisions of these Modified Restrictions and any amendments and supplements thereto, regardless of whether or not any of such provisions are set forth in said contract, deed, or deed of trust, and whether or not referred to in any such instrument.

Section 1.03. Dedication.

The streets and roads shown on the Plats are for the sole and exclusive use of the Purchaser, the Association and the owners of the property in the Subdivision. The Association may construct, maintain and operate a security gate or gates at the entranceway of roads or streets into the Subdivision. The security gate or gates may have a security device which permits entrance into the Subdivision only upon the entry of a security code which may be changed by the Association from time to time. The Association may make rules and regulations relating to the use of the streets and roads, including the establishment of speed limits, posting of traffic regulation signs, vehicular load limits, and use by utility companies, and the maintenance thereof. The Association may construct bumps or other devices which control or regulate the speed of vehicular traffic. The Association or the Purchaser may dedicate the streets and roads to the public at such time as either the Association or Purchaser, in their opinion, deems

public roads and streets are in the best interest of the Subdivision and may grant negative or affirmative easements with respect to the streets and roads including, without limitation, sanitary control easements.

Section 1.04. Reservations.

- a. All interest owned by the Purchaser in the oil, gas, or other minerals in, on or under the property will be conveyed by Purchaser and no such interests are reserved by Purchaser.
- b. The utility easements shown on the Plats are dedicated with the proviso that such utility easements are for the use and benefit of any public or private utility operating in Hays County, Texas, as well as for the benefit of the Purchaser, his successors and assigns, the Association and the property owners in the Subdivision to allow for the construction, repair, maintenance and operation of a system or systems of electric lights and power, telephone and cable television lines, gas, water, sanitary sewers, storm sewers and any other utility or service to serve the Subdivision. Utility easements are reserved for a width of twenty (20) feet on all front and back property lines of each lot, except the rear or north property line of Lot Ninety (90) which will have no easement; and five (5) feet on all interior lot lines of each lot except where two (2) or more lots are combined and are to be used as only one (1) building site.
- c. The title conveyed to any lot in the Subdivision shall not be held or construed to include the title to the water, gas, electricity, telephone, cable television, storm sewer or sanitary sewer lines, poles, pipes, conduits or other appurtenances or facilities owned by the Purchaser, his successors and assigns, or public or private utility companies upon, under, along, across or through such public utility easements; and the right (but no obligation) to construct, maintain, repair, and operate such systems, utilities, appurtenances and facilities is reserved to the Purchaser, his successors and assigns, and to public or private utilities.
- d. The right to sell or lease such lines, utilities, appurtenances or other facilities to any municipality, governmental agency, public service corporation or other party is hereby expressly reserved to any public or private utility owning same.
- e. The Purchaser, or his successors and assigns, reserves the right to make minor changes in and minor additions to such utility easements for the purpose of more efficiently serving the Subdivision or any property therein.
- f. Neither the Purchaser, nor his successors or assigns, nor any public or private utility using said utility easements shall be liable for any damage done by any of such parties or any of their agents or employees to shrubbery, trees, flowers or other property of the landowner situated on the land covered by said utility easements.
- g. The Purchaser reserves the right at any time, and from time to time hereafter, to promulgate and impose restrictions (as well as vary and amend any such restrictions) as to all or any portion of the unplatted reserves or unrestricted areas of the Subdivision on the Plats. Until so promulgated, all unplatted reserves or restricted areas shown on the Plats shall not be subject to the provisions of these Reservations. Any such action by the Purchaser shall not, in order to be fully binding, require the joinder of any other person, whether such person be an owner of property in the Subdivision, a lienholder, a mortgagor, a deed of trust beneficiary, or any other person.

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Section 1.05. Duration.

The provisions hereof shall run with the land and shall be binding upon the Developer, the Purchaser, and their successors and assigns, and all persons or parties claiming under it or them for a period of thirty-five (35) years from January 1, 1996, at which time all of such provisions shall be automatically extended for successive periods of ten (10) years each, unless prior to the expiration of any such period of thirty-five (35) years or ten (10) years, the then owners of a majority of lots in the Subdivision shall have executed and recorded an instrument changing the provisions hereof, in whole or in part, the provisions of said instrument to become operative at the expiration of the particular period in which such instrument is executed and recorded, whether such particular period be the aforesaid thirty-five (35) year period or any successive ten (10) year period thereafter.

Section 1.06. Enforcement.

In the event of any violation or attempted violation of any of the provisions hereof, enforcement shall be authorized by any proceedings at law or in equity against any person or persons violating or attempting to violate any of such provisions, including proceedings to restrain or prevent such violation or attempted violation by injunction, whether prohibitive in nature or mandatory in commanding compliance with such provisions; and it shall not be a prerequisite to the granting of any such injunction to show inadequacy of legal remedy or irreparable harm. Likewise, any person entitled to enforce the provisions hereof may recover such damages as such person has sustained by reason of the violation of such provisions. It shall be lawful for any person or persons owning property in the Subdivision to prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate such provisions.

Section 1.07. Partial Invalidity.

In the event that any portion of the provisions hereof shall become or be held invalid, whether by reason of abandonment, waiver, estoppel, judicial decision or otherwise, such partial invalidity shall not affect, alter or impair any other provision hereof which was not thereby held invalid; and such other provisions shall remain in full force and effect, and binding in accordance with their terms.

Section 1.08. Effect of Violations on Mortgages.

No violation of the provisions herein contained, or any portion thereof, shall affect the lien of any mortgage or deed of trust presently or hereafter placed of record or otherwise affect the rights of the mortgagee under any such mortgage, holder of any such lien or beneficiary of any such deed of trust; and any such mortgage, lien or deed of trust may, nevertheless, be enforced in accordance with its terms, subject, nevertheless, to the provisions herein contained.

II.
ARCHITECTURAL CONTROL

Section 2.01. Basic Rule.

No building or other improvement of any character shall be erected or placed, or the erection or placing thereof commenced, or changes made in the design thereof or any addition made thereto or

exterior alteration made therein after original construction, on any property in the Subdivision until the owner of such property has applied for in writing and has received the necessary approval (as hereinafter provided) of the construction plans and specifications and a plat showing the location of such building or other improvements. Approval shall be granted or withheld based on matters of compliance with the provisions of this instrument, quality of materials, harmony of external design with existing and proposed structures and location with respect to topography and finished grade elevation.

Section 2.02. Architectural Committee.

a. The authority to grant or withhold architectural control approval as referred to above is vested in the Purchaser; except, however, that such authority of the Purchaser shall cease and terminate upon the election of the Committee, in which event such authority shall be vested in and exercised by the Committee (as provided in paragraph b below), except as to plans and specifications and plats theretofore submitted to the Purchaser which shall continue to exercise such authority over all such plans, specifications and plats.

b. At such time as ninety percent (90%) of the lots in the Subdivision shall have been sold by the Purchaser, or upon the request of property owners constituting ownership of more than thirty (30) of the lots, or at such earlier time as Purchaser deems appropriate, the Purchaser shall appoint not more than three (3) persons to be the Committee. Initial members of the Committee shall be appointed by the Purchaser. Thereafter, the lot owners in the Subdivision may vote, as hereinafter provided, to elect no more than three (3) members to serve on the Committee. Each member of the Committee (other than the original members of the Committee appointed by the Purchaser) must be an owner of property in the Subdivision. In any election, each lot owner shall be entitled to one (1) vote for each whole lot or building site owned by that owner. In the case of any building site composed of more than one (1) whole lot, such building site owner shall be entitled to one (1) vote for each whole lot contained within such building site.

The Committee shall be obligated to arrange for the holding of an election within sixty (60) days after being so requested by the owners of thirty (30) or more lots within the Subdivision, and give notice of the method of conducting such election not less than five (5) days prior to the holding thereof.

The results of each such election shall promptly be determined by the Committee on the basis of the majority of those owners then voting at such election.

After the first such election shall have been held, thereafter the Committee shall be obligated to arrange for elections (in the manner and after notice as set forth above) for the removal and/or replacement of Committee members when so requested in writing by thirty (30) or more lot owners in the Subdivision. Members of the Committee may, at any time, be relieved of their position and substitute members therefor designated by vote as set forth above.

Upon the death, resignation, refusal or inability of any member of the Committee to serve, the remaining members of the Committee shall fill the vacancy by appointment, pending an election as hereinabove provided for.

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Section 2.03. Effect of Inaction.

Approval or disapproval as to architectural control matters as set forth in the preceding provisions shall be in writing. In the event that the authority exercising the prerogative of approval or disapproval (whether the Purchaser or the Committee) fails to approve or disapprove in writing any plans and specifications and plat submitted to it in writing within thirty (30) days following such submission, such plans and specifications and plat shall be deemed approved and the construction of any such building and other improvements may be commenced and proceeded within compliance with all such plans and specifications and plat and all of the other terms and provisions hereof.

Section 2.04. Effect of Approval.

The granting of the aforesaid approval shall constitute only an expression of opinion, whether by the Purchaser or the Committee, that the terms and provisions hereof shall be complied with if the building and/or other improvements are erected in accordance with said plans and specifications and plat; and such approval shall not constitute in any nature a waiver or estoppel either as to the persons expressing such approval or any other person in the event that such building and/or improvements are not constructed in accordance with such plans and specifications and plat. Further, no person exercising any prerogative of approval or disapproval shall incur any liability by reason of the good faith exercise thereof. Exercise of any such prerogative by one (1) or more members of the Committee in their capacity as such shall not constitute action by the Purchaser after the election of such Committee members.

**III.
DESIGNATION OF TYPE OF LOTS**

Section 3.01. Designation of Lots.

All lots in the Subdivision, being lots numbered 1-92, shown on the recorded Plats are hereby designated as single family residential lots as provided in Section 4.01.

**IV.
GENERAL RESTRICTIONS**

Section 4.01. Use of Lots.

All Lots 1-92, other than Lots 4, 5, 6, 60, 61, 72, 73 and 77 (the "Exception Lots"), in the Subdivision shall be used only for single-family residential purposes. The use of the Exception Lots shall also be for single-family residential purposes; however, the use of the Exception Lots may include the right to rent not to exceed 2 rooms on a short term basis (not to exceed 60 days per renter) of an owner-occupied residence, provided such rental rooms do not have a kitchen separate and apart from the kitchen serving such owner-occupied residence, and provided further that adequate provision is made to park at least five (5) cars on each such lot so used without the use of the street right-of-way fronting such lot. No noxious or offensive activity of any sort shall be permitted, nor shall anything be done on any lot which may be or become an annoyance or nuisance to the neighborhood. Except as provided above, no lot in the Subdivision shall be used for any commercial, business or professional purpose nor

for church purposes. No house trailer, recreational vehicle, camper trailer, camper vehicle, or portion thereof shall be lived in on any lot.

Section 4.02. Required Square Footage of Residence.

The living area of the main residential structure (exclusive of porches, whether open or screened, garage or other car parking facility, terraces, driveways and servants quarters) shall not be less than the following respective amounts for each of the lots numbered 1-92:

1,500 square feet for a one-story dwelling and 2,000 square feet for a two-story dwelling.

Section 4.03. Set-back Line Requirement.

No building shall be located on any lot nearer to the front street line or nearer to the street side line than twenty-five (25) feet. Subject to the provision of Paragraph 4, no building shall be located nearer than seven and one-half (7-1/2) feet to an interior side lot line. For the purpose of this covenant, eaves, steps and unroofed terraces shall not be considered as part of a building, provided, however, that this shall not be construed to permit any portion of the construction on a lot to encroach upon another lot. Variations from these requirements as to building location may be granted by the authority exercising architectural control if the above requirements are not feasible, considering the terrain of the lot, flood plain boundaries and drainage easements or ways.

Section 4.04. Consolidation of Lots.

Any owner of one or more adjoining lots (or portions thereof) may consolidate such lots or portions into one building site, with the privilege of placing or constructing improvements on such resulting site, in which case side set-back lines shall be measured from the resulting side property lines rather than from the lot lines as indicated on the recorded Plat. Any such composite building site (or building site resulting from the remainder of one or more lots having been consolidated into a composite building site) must be of not less than forty thousand (40,000) square feet in area and this shall supersede any contrary provision in the Subdivision Plats. Any modification of a building site (changing such building site from either a single lot building site or from a multiple whole lot building site), whether as to size or configuration, may be made only with the prior written approval of the Purchaser until the Committee is selected and thereafter, only with the prior written approval of such Committee and other approval required by law. Upon any such required approval having been obtained, such composite building site shall thereupon be regarded as a "lot" for all purposes hereunder, however, that for purposes of voting for the Committee an owner shall be entitled to one (1) vote for each whole lot within such owner's building site.

Section 4.05. Temporary Structures.

No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding, shall be used on any lot at any time as a residence, except, however, that a garage may contain living quarters for bona fide servants and except also that a field office, as hereinafter provided, may be established.

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Until the Purchaser has sold all other lots in the Subdivision (and during the progress of construction of residences in the Subdivision), a temporary field office for sales and related purposes may be located and maintained by the Purchaser (and/or his sales agents). The location of such field office may be changed, from time to time, as lots are sold. The Purchaser's right to maintain such field office (or permit such field office to be maintained) shall cease when all lots in the Subdivision, except the lot upon which such field office is located, have been sold.

Section 4.06. Animal Restrictions.

No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats or other common household pets may be kept as household pets provided they are not kept, bred or maintained for commercial purposes and provided they do not constitute a nuisance and do not, in the sole judgment of the Purchaser or the Committee, constitute a danger or potential or actual disruption of other lot owners, their families or guests. All dogs must be maintained within a fenced yard or on a leash.

Section 4.07. Fences, Etc.

No wall, fence, planter or hedge in excess of two (2) feet high shall be erected or maintained nearer to the front lot line than the front building set-back line, nor on corner lots nearer to the side lot line than the building set-back line, parallel to the side street. No rear fence, wall or hedge and no side fence, wall or hedge located between the side building line and the interior lot line (or located on the interior lot line) shall be more than six (6) feet high.

No object or thing which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways within the triangular area formed by intersecting street property lines and a line connecting them at points twenty-five (25) feet from the intersection of the street lines (or extensions thereof) shall be placed, planted or permitted to remain on corner lots.

Section 4.08. Clothes Drying.

The drying of clothes in public view is prohibited.

Section 4.09. Sanitation.

All lots shall be kept at all times in a sanitary, healthful and attractive condition, and the owner or occupant of all lots shall keep all weeds and grass thereon cut and shall in no event use any lot for storage of material or equipment except for normal residential requirements or incident to construction of improvements thereon as herein permitted, or permit the accumulation of garbage, trash or rubbish of any kind thereon. Any incinerator or other equipment for the storage or disposal of such material shall be kept in a clean, sanitary and sightly condition. During the construction of improvements no trash shall be burned on any lot except in a safe manner and unless so burned, shall be removed by the lot owner. No substances which are or could be hazardous to the human health or the environment may be dumped, deposited, stored, treated, poured, pumped, injected, emitted or abandoned on any lot or any road or street in the Subdivision.

In the event of default on the part of the owner or occupant of any lot in serving the above requirements or any of them, such default continuing after ten (10) days written notice thereof, the Purchaser (until the Committee is selected, and thereafter, the Committee) may, without liability to the owner or occupant in trespass or otherwise, enter upon (or authorize one or more others to enter upon) said lot, and cause to be cut, such weeds and grass, and remove or cause to be removed such garbage, trash and rubbish or do any other thing necessary to secure compliance with these Modified Restrictions, so as to place said lot in a neat, attractive, healthful and sanitary condition, and may charge the owner or occupant of such lot for the reasonable cost of such work and associated materials. The owner or occupant, as the case may be, agrees by the purchase or occupation of the property to pay such statement immediately upon receipt thereof; however, the payment of such charge is not secured by any nature of lien on the property.

Section 4.10. Boats, Trailers and Recreational Vehicles.

Boats, trailers and other recreational vehicles and camper trailers must be parked between the rear of the residence occupying a lot and the rear property line of the lot and no nearer to any side street than twenty-five (25) feet. Boats, trailers, recreational vehicles, and camper trailers may not be parked in the streets of the Subdivision.

Section 4.11. Signs.

Before initial residential occupancy, no sign, advertisement, billboard or advertising structure of any kind may be erected or maintained on any lot in the Subdivision without the prior approval of the Purchaser or of the Committee, if appointed, and any such approval which is granted by the Purchaser or the Committee, if appointed, may be withdrawn at any time by the Purchaser or the Committee, if appointed, in which event, the party granted such permission shall, within the period designated by the Purchaser or the Committee, if appointed, (which in no event shall be less than five (5) days), thereupon remove same. After initial residential occupancy of improvements on any particular lot in the Subdivision, no sign, advertisement, billboard or advertising structure of any kind other than a normal for-sale sign approved by the Purchaser or the Committee, if appointed, as to design, not exceeding two (2) feet by three (3) feet erected on a post in the ground, and applicable to such lot alone, may be erected or maintained on such lot.

The Purchaser, until the Committee is selected, and thereafter, the Committee, shall have the right to remove and dispose of any such prohibited sign, advertisement, billboard, or advertising structure which is placed on any lot, and in so doing shall not be subject to any liability for trespass or other tort in connection therewith or arising from such removal or in any way be liable for any accounting or other claim by reason of the disposition thereof. The owner or occupant of such lot agrees by the purchase or occupation of the property to pay for the reasonable cost of such removal and disposition.

Section 4.12. Dirt Removal.

The digging of dirt or the removal of any dirt from any lot is expressly prohibited except as necessary in conjunction with the landscaping of a lot or construction of improvements on a lot or utilities thereto.

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Section 4.13. Hunting on Lots.

No lot in the Subdivision shall be used or permitted for hunting or for the discharge of any pistol, rifle, shotgun, or any other firearm, or any bow and arrow or any other device capable of killing or injuring persons or animals.

Section 4.14. Sewage.

No outside toilets will be permitted (except during construction of a residence on a lot) and no installation of any type of device for disposal of sewage shall be allowed which would result in raw or untreated or unsanitary sewage being carried into any water body. No septic tank or other means of sewage disposal may be installed unless approved by the proper governmental authorities having jurisdiction with respect thereto.

Arrangements will be made by a builder during the construction of a residence for the builder and his employees to have easily accessible toilet facilities in the Subdivision (which may be a chemical toilet).

Section 4.15. Drilling for Oil.

No oil drilling, oil development operations, oil refining, or mining operations of any kind shall be permitted upon any lot, nor shall any wells, tanks, tunnels, mineral excavations or shafts be permitted upon any lot. No derrick or other structure designed for use in boring for oil, or natural gas, shall be erected, maintained or permitted on any building site. At no time shall the drilling, usage or operation of any water well be permitted on any lot.

Section 4.16. Drainage Structures.

Drainage structures under private driveways shall always have a net drainage opening area of sufficient size to permit the free flow of water without backwater.

Section 4.17. Roofs, Building Materials, and Carports.

All roofs of residences or other structures on any lot shall be black, brown, gray or a similar earthtone color if approved by the Purchaser or the Committee and shall not be constructed of a material which directs a viewer's eye to such roof and away from the scenic views in the Subdivision.

To reduce fire hazards, wood roof surfaces are not permitted. Fire resistant materials shall be used on all roof surfaces.

Exterior walls of all residences shall have a minimum of fifty (50%) percent masonry or stone, exclusive of openings. PermaStone, asbestos shingles, concrete or cinder blocks are not acceptable, except that concrete and cinder blocks may be used structurally if faced with brick, stone or stucco.

A carport may not be open to the street and must be open to a side lot line or the rear lot line.

Section 4.18. Yard Sales.

Garage and yard sales shall be limited to the personal belongings of no more than two (2) residents for a duration of no longer than two (2) days. More than two (2) sales at any one location during the same calendar year is prohibited. Auctions are prohibited.

Section 4.19. Residential Off-Street Parking Requirements.

Since streets are narrow and provide limited parking area, residential off-street parking requirements are essential. Except as provided in Section 4.01, each dwelling unit shall have a minimum of three (3) hard-surface, off-street parking areas, each area measuring nine (9) feet by twenty (20) feet.

V.

MAINTENANCE CHARGE AND WATER AVAILABILITY FEE*Section 5.01. Amount of Maintenance Charge and Water Availability Fee.*

Beginning on January 1, 1995, the owner of any lot in Unit One and Unit Two (other than the Purchaser), and beginning on January 1, 1996, the owner of any lot in Unit Three (other than those owned by Purchaser) in the Subdivision is subject to a monthly Maintenance Charge of ten dollars (\$10.00) per lot for the purpose of creating a maintenance fund. Said payments shall be made to the Association or its successors or assigns, as the needs of the property may, in its judgment, require but in no event shall such charge be more than ten dollars (\$10.00) per month per lot unless such adjusted increase has been approved by fifty-one percent (51%) of the lot owners in the Subdivision. Until reduced by the Association, the monthly Maintenance Charge shall be ten dollars (\$10.00). Beginning on January 1, 1995, with respect to lots in Unit One and Unit Two, and beginning on January 1, 1996 with respect to lots in Unit Three, or until there is a residence constructed on a lot which is connected to the water system, there is also imposed on the owner of any lot (other than those owned by Purchaser) a monthly Water Availability Fee of five dollars (\$5.00) for the availability of water which shall be paid to the Association or to such other entity as may own the water system supplying water to the Subdivision. Maintenance Charges and Water Availability Fees shall accrue monthly and shall be delinquent on March 1 of the year following the year in which they accrued. Maintenance Charges and Water Availability Fees shall begin to accrue monthly on lots owned by Purchaser when sold or conveyed to a subsequent purchaser unless the subsequent purchaser acquires forty (40) or more lots in which case such charges and fees will be deferred until acquired by a purchaser who owns less than forty (40) lots. At the time of sale of any lot by the Purchaser there shall be collected and paid to the Association the Maintenance Charges and Water Availability Fees which will accrue between the date of sale and the following January 1. At the time of a sale of any lot by anyone other than Purchaser, there shall be collected all past due Maintenance Charges and Water Availability Fees (including all penalties and interest thereon) and the Maintenance Charges and the Water Availability Fees (if any) which will accrue during the calendar year of sale.

Section 5.02. Special Group Assessments.

In addition to the regular Maintenance Charges and Water Availability Fees provided for in Section 5.01, the Association by vote of its board with the concurrence of its members as provided in its bylaws may levy in and for any year a special group assessment for the purpose of:

- (a) Defraying the cost of any new construction or reconstruction, unexpected repair or replacement of the roads and streets within the Subdivision, the water system serving the Subdivision, and capital improvements for and within common areas, including the necessary fixtures and personal property related thereto;
- (b) Defraying the cost of repairs or replacements resulting from an uninsured loss or damage or insured loss or damage to the roads and streets, water system, or capital improvements within the common area where there are insufficient insurance proceeds as provided for in the declaration; and
- (c) Responding to unusual or emergency needs of the Association as may be expected to occur from time to time.

Special group assessments shall be allocated and prorated among the owners of the lots at the date each such special group assessment is levied in the same manner as regular annual assessments are allocated and prorated among the owners of the lots under Section 5.01. Special group assessments may only be used for the purposes they were assessed.

Special group assessments shall be due and payable in full thirty (30) days following the date on which any such assessment due date is set by the board in the resolution adopting such assessment; except that, if it is specifically determined by the board that any such assessment is to be paid in deferred installments, then the payment dates and amounts of such installments shall be fixed in the resolution authorizing such assessment.

Section 5.03. Use of Maintenance Charges.

Maintenance Charges shall be used for the payment of the maintenance expenses incurred for the maintenance of the water system serving the Subdivision, streets, paths, parks, parkways, esplanades, recreational facilities located within the Subdivision, including all of the grass and planted area within boundaries of the streets, curbs, parks and recreational areas, furnishing of watchmen or patrol service, and doing any other thing necessary or desirable in the opinion of the Association, its successors or assigns, to keep the property neat or in good order, and the water system functioning in proper fashion, or which, in the opinion of the Association, its successors or assigns, may be of general benefit to the owners or occupants of the Subdivision.

Section 5.04. Use of Water Availability Fees.

Water Availability Fees shall be used for the purpose of maintaining or amortizing the cost of the water system supplying the Subdivision and shall be paid to the owner of the water system as collected.

Section 5.05. Term of Charges and Fees.

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The Maintenance Charge and Water Availability Fee shall be and remain in effect so long as the Modified Restrictions hereinabove set out shall remain in effect and the continuation or extension of the Modified Restrictions in the manner provided therefor shall automatically extend the Maintenance Charge, Water Availability Fee, and any special group assessments.

Section 5.06. Acceptance by Grantee.

Any grantee, by accepting a conveyance of any property in the Subdivision, agrees and consents (i) to these Modified Restrictions, including the Maintenance Charge, the Water Availability Fee, and any special group assessment, and (ii) that to secure the payment of the Maintenance Charge and the Water Availability Fee a lien in favor of the Association and the owner of the water system serving the Subdivision is retained against the property so conveyed.

Section 5.07. Enforcement of Assessments.

In the event that any assessment or installment thereof is not paid when due, and remains unpaid for a period of thirty (30) days thereafter, then the unpaid amount of any such assessment or installment thereof shall become delinquent and shall, together with interest thereon as herein provided and costs of collection thereof, become a continuing obligation and debt of the non-paying owner secured by a self-executing lien on the lot or subdivided portion thereof, including all improvements thereon, to which such assessment or installment thereof pertains. The Association shall have the right to reject any partial payment of any assessment or installment thereof and demand full payment thereof, or the Association may, in its sole discretion, elect to accept any such partial payment on account only, without in so doing waiving any rights established hereunder with respect to any remaining balance due.

delinquent notice

The lien for any unpaid assessments shall be unaffected by any sale or transfer of full or partial ownership interest in a lot, or subdivided portion thereof, and shall continue in full force and effect. In the event of full or partial sale or transfer of an ownership interest in a lot, it shall be the sole obligation of the lot owner selling or transferring such interest (and not the Association) to disclose to any buyer or transferee that an unpaid assessment and associated lien against the ownership interest exist prior to the date at which such sale or transfer is to be consummated. A copy of such notice shall be sent to the Association at the same time. Upon written request, the Association shall provide a lot owner with a statement reflecting the amount of any unpaid or delinquent assessments with respect to a lot owned by said lot owner.

Section 5.08. Interest on Delinquent Assessments Collection Procedures.

The unpaid amount of any assessment shall bear interest from its due date at ten percent (10%) per annum or the maximum legal rate of interest then prevailing, whichever is less. In addition, the Association may elect to retain the services of any attorney of its choice for the purpose of collecting any unpaid assessment and interest charges thereon, and/or to foreclose the lien against the property subject thereto and/or to pursue any other legal or equitable remedy which the Association may have and there shall be added the amount of unpaid assessments and interest charges thereon, any and all collection costs incurred by the Association, whether judicial or non-judicial, and including, but not limited to, reasonable attorney fees and costs of legal suit.

delinquent notice

Section 5.09. Lien and Foreclosure.

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Upon delinquency, all sums assessed in the manner provided for in these Modified Restrictions, together with all interest costs as herein provided, shall be secured by the lien provided for under Section 5.06 of these Modified Restrictions. As further evidence and notice of such assessment lien, the Association may prepare a written notice of such lien setting forth the amount of delinquent indebtedness, the name of the owner of property covered by such lien, and a description of the property. Such notice, shall be signed by a duly authorized officer of the Association and shall be recorded in the office of the County Clerk of Hays County, Texas, or such other place as may be required by law for the recording of liens affecting real property at such time as such notice is recorded. Such lien for payment of assessments shall attach from the date such payment becomes delinquent and may be enforced after recording said notice through (i) foreclosure of such lien on the lot, or subdivided portion thereof, and any improvements thereon in like manner as a mortgage on real property, (ii) suit against the owner obligated to pay the assessment and/or (iii) foreclosure of the aforesaid lien judicially. In any foreclosure proceeding, whether judicial or non-judicial, the lot owner shall be required to pay the costs, expenses and reasonable attorneys' fees incurred by the Association. The Association shall have the power to bid on the property being foreclosed.

Section 5.10. Lien Subordination.

Any lien established as provided for in these Modified Restrictions shall be subordinate and inferior to any mortgage or deed of trust securing a purchase money note or in favor of any bank, savings and loan association, insurance company, pension fund, or other similar financial institution or other lender approved by the Association; provided, however, that such subordination shall apply only to the assessments and Water Availability Fees which have become due and payable prior to a foreclosure sale (whether public or private) of any such lot pursuant to the terms and conditions of any such mortgage or deed of trust. Such foreclosure sale shall not relieve any new lot owner taking title at such sale from liability for the amount of any assessments and Water Availability Fees thereafter becoming due or from a lien arising from any such subsequent assessments.

At the time any mortgage financing or refinancing is obtained for any lot, which will be superior to any existing or future assessment lien of the Association, the owner of such lot shall within thirty (30) days prior to the consummation of any such mortgage or financing deliver to the Association written notice, identifying the lender making such mortgage loan, its term, its full legal name, its current address and telephone number, and the name of an officer or other person within the entity who is responsible for that particular loan account. Upon the written request of any such lender holding a superior lien on any lot as provided herein, the Association shall report to such lender any unpaid assessments which are delinquent as herein defined. The Association may from time to time, at its own initiative, elect to report delinquent assessments to such mortgage lenders.

Section 5.11. Common Areas Exempt.

All recreational areas and common areas dedicated on a recorded plat or otherwise, shall be exempt from any assessments and any lien created herein.

VI.
MOUNTAIN CREST COMMUNITY ASSOCIATION

Section 6.01. Creation of Association.

The Purchaser has caused to be created the Mountain Crest Community Association (the "Association"), a nonprofit corporation organized under the laws of the State of Texas. The Association is organized for the purpose of owning and operating, or otherwise providing for, a water system serving the Subdivision and neighboring areas, maintaining the Subdivision in good condition, receiving the Maintenance Charges, Water Availability Fees, and other assessments, and dispensing same for the common good of the Subdivision, enforcing the Modified Restrictions and otherwise carrying out the responsibilities delegated to it under the Modified Restrictions and carrying out the other purposes for which the Association was created.

Section 6.02. Records of Association.

All financial and other records of the Association may be inspected by any lot owner during reasonable business hours. The owner of property in the Subdivision shall have one (1) vote for each whole lot owned by such person for all elections conducted by such nonprofit corporation.

VII.
AMENDMENTS

Section 7.01. Annulment, Amendment or Modification.

Any or all of the covenants herein may be annulled, amended or modified at any time by the recommendation of the Association, or its successors, and ratified by a vote of two-thirds (2/3) of the lot owners in the Subdivision. All such lot owners shall be given thirty (30) days notice in writing of any proposed amendment before same is adopted. There shall be no annulment, amendment or modification of these covenants without the prior recommendation of the Association.

VIII.
BINDING EFFECT

Section 8.01. Restrictions are Covenants Running with the Land.

All of the provisions hereof shall be covenants running with the land thereby affected. The provisions hereof shall be binding upon and inure to the benefit of the owners of the land affected and the Developer, Purchaser, and Association, and their respective heirs, executors, administrators, successors and assigns.


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IX.
DATE OF RESERVATIONS AND RESTRICTIONS


Section 9.01. *Effective Dates.*

The date of the Original Reservations is March 20, 1986. The date of adoption of these Modified Restrictions is effective as of January 1, 1995 with respect to Units One and Two, and effective January 1, 1996 with respect to Unit Three, and these Modified Restrictions shall be effective as of January 1, 1995 with respect to Units One and Two, and effective January 1, 1996 with respect to Unit Three.

EXECUTED this the 23rd day of February, 1996.


ROBERT R. RANDOLPH
Owner of Lots 4, 6, 9, 10, 12 through 15, 17 through 33, 35 through 39, 41, 42, 46, 47, 50 through 56, 58, 59, 61 through 66, 68 through 76, and 78 through 80, in Mountain Crest Subdivision, Unit 1


ROBERT R. RANDOLPH
Owner of Lots 82 through 87, in Mountain Crest Subdivision, Unit 2


ROBERT R. RANDOLPH
Owner of Lots 88 through 92, in Mountain Crest Subdivision, Unit 3

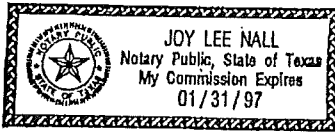
(ACKNOWLEDGMENT)

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STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on February 23, 1996, by Robert R. Randolph.



Joy Lee Nall
Notary Public, State of Texas
Notary's name (printed):

Notary's commission expires:

AFTER RECORDING RETURN TO:

Robert R. Randolph
2701 First City Tower
1001 Fannin
Houston, Texas 77002

PREPARED BY:

Robert R. Randolph
Attorney at Law
2701 First City Tower
1001 Fannin
Houston, Texas 77002
713/758-2380

STATE OF TEXAS
COUNTY OF HAYS
I hereby certify that this instrument was FILED on
the date and at the time stamped herein by me and was duly
RECORDED, in the Volume and Page of the named RECORDS
of Hays County, Texas, as stated herein by me.

FEB 27 1996



Margie T. Villalpando
COUNTY CLERK
HAYS COUNTY, TEXAS

Doc# 395399
Pages: 24
Date : 02-27-1996
Time : 10:24:38 A.M.
Filed & Recorded in
Official Records
of Hays County, TX.
MARGIE T. VILLALPANDO
COUNTY CLERK
Rec. \$ 55.00